

CDCI ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Alternatives Federal Credit Union

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|--------------------------------|-----------------|--|----------|
| Point of Contact: | Tristram Coffin | RSSD: (For Bank Holding Companies) | 0 |
| UST Sequence Number: | 1402 | Docket Number: (For Thrift Holding Companies) | |
| CPP/CDCI Funds Received: | 2,234,000 | FDIC Certificate Number: (For Depository Institutions) | |
| CPP/CDCI Funds Repaid to Date: | | Credit Union Charter Number: (For Credit Unions) | 23283 |
| Date Funded (first funding): | N/A | City: | Ithaca |
| Date Repaid ¹ : | N/A | State: | New York |

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

Since October 1, 2010, our loan portfolio has grown by over \$1.5 million, for an annualized rate of 7%, well above credit union averages. While the CDCI money itself has not been directly loaned out, our enhanced capital position has supported asset and loan growth.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

Loan volume increases were concentrated in residential and commercial loans

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☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

☐ Increase reserves for non-performing assets.

☒ Reduce borrowings.

As a result of our ability to borrow from the Treasury, we do not need to extend maturities of higher cost Secondary Capital loans.

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☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☐ Held as non-leveraged increase to total capital.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

We did not have to solicit higher cost capital that would have increased short-term pressure on our bottom line. We are also better equipped to avoid fee increases to members and can more easily withstand potential changes to our income streams.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Alternatives is able to move forward with growth strategies. Since the CDCI investment, we have pursued discussions with the Urban League regarding a partnership to serve low income residents of Binghamton. We are expanding our student credit union to additional school-based branches. Outreach to other non-profits in our community is increasing in an effort to serve additional underbanked populations. Finally, we are able to consider product innovations that could have the effect of dramatically increasing demand for our services.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.